

**BEFORE THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

**SETTLEMENT TESTIMONY OF
ROSE M. JACKSON
ON BEHALF OF
SOUTH CAROLINA ELECTRIC & GAS COMPANY
DOCKET NO. 2017-370-E**

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I. INTRODUCTION

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Rose M. Jackson, and my business address is 1300 12th Street,
3 Suite F, Cayce, South Carolina. I am employed by SCANA Services, Inc.
4 (“SCANA Services”) as General Manager – Supply & Asset Management.

5 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND BUSINESS**
6 **BACKGROUND.**

7 A. I graduated from the University of South Carolina in 1988 with a Bachelor
8 of Science degree in Accounting. Following graduation, I worked for
9 approximately three (3) years as an accountant for a national security services
10 firm. In 1992, I began my employment with SCANA Corporation (“SCANA”) as
11 an accountant working directly for SCANA Energy Marketing, Inc. Over the
12 years, I have held varying positions of increasing responsibility including Energy
13 Services Coordinator, where I was responsible for scheduling gas for the Atlanta
14 Gas Light System; project manager for the implementation of an automated gas
15 management system; and Manager of Operations. In 1998, I became responsible
16 for gas procurement, interstate pipeline and local distribution company scheduling
17 and preparation of gas accounting information. In May 2002, I became Manager of
18 Operations and Gas Accounting with SCANA Services where I was responsible
19 for gas scheduling on interstate pipelines and gas accounting for all SCANA

1 subsidiaries. In November 2003, I became Fuels Planning Manager where I
2 assisted all SCANA subsidiaries with strategic planning and special projects
3 associated with natural gas. I held this position until promoted to my current
4 position in December 2005.

5 **Q. WHAT ARE YOUR DUTIES AS GENERAL MANAGER – SUPPLY &**
6 **ASSET MANAGEMENT?**

7 A. In regard to South Carolina Electric & Gas Company (“SCE&G” or the
8 “Company”), I am responsible for gas supply and asset management functions.
9 Specifically, my responsibilities include the oversight of planning, procurement of supply
10 and capacity, nominations and scheduling, gas cost accounting, state and federal
11 regulatory issues concerning supply and capacity, and asset and risk management.

12 **Q. WHAT EXPERIENCE DO YOU HAVE WITH INTERSTATE GAS**
13 **PIPELINE TRANSACTIONS?**

14 A. I have twenty years of experience in interstate gas pipeline transactions
15 including nominations and scheduling on Southern Natural Gas Pipeline,
16 Transcontinental Gas Pipe Line, LLC (“Transco,”) and Dominion Energy Carolina
17 Gas Transmission; contracting for transportation and storage services on numerous
18 interstate pipelines, and representing SCANA’s subsidiaries in regulatory matters
19 associated with interstate pipelines before the Federal Energy Regulatory
20 Commission.

1 **Q. WHAT IS THE PURPOSE OF YOUR SETTLEMENT TESTIMONY?**

2 A. The purpose of my settlement testimony is to respond to the Direct
3 Testimony of Mr. Hector Alatorre on behalf of Transco. In addition, I discuss the
4 settlement agreement (“Settlement Agreement”) that has been entered into by
5 Transco, SCE&G, and Dominion Energy, Inc. (“Dominion Energy”) and that
6 resolves the issues discussed herein.

7 **Q. MR. ALATORRE STATES THAT THE PROPOSED BUSINESS**
8 **COMBINATION BETWEEN SCANA AND DOMINION ENERGY COULD**
9 **ADVERSELY IMPACT SCE&G’S RATEPAYERS, SUGGESTING THAT**
10 **THE COMBINED COMPANIES COULD EXERT SIGNIFICANT**
11 **CONTROL OVER ELECTRICITY AND NATURAL GAS SUPPLIED TO**
12 **SOUTH CAROLINA. WHAT IS YOUR RESPONSE TO THESE**
13 **CONCERNS AND RECOMMENDATIONS?**

14 A. Mr. Alatorre’s concerns are unfounded and ignore the benefits of the
15 proposed business combination, and these recommendations are inappropriate and
16 duplicative of those already required of SCE&G in South Carolina. In Docket No.
17 89-230-E/G, the Commission considered a petition that, among other things,
18 requested an examination of all property transfers from SCE&G to SCANA or its
19 subsidiaries, and the allocation of expenses, revenues, and plant between SCE&G,
20 SCANA, and its affiliates. As a result of that proceeding, the Commission, through
21 Order No. 92-931, approved and adopted certain recommendations and reporting
22 requirements by SCE&G and SCANA’s regulated affiliated companies and for

1 substantive actions relating to affiliated transactions. Specifically, “[g]oods and
2 services sold or exchanged between SCE&G and SCANA or any subsidiary of
3 SCANA must be transferred at a reasonable rate and with conditions consistent
4 with the existing market prices and with conditions consistent with the existing
5 market prices and contract conditions for similar goods/services.” Order No. 1992-
6 931 at App’x A, p. 10.

7 Similarly, “transactions between the regulated and non-regulated affiliates
8 [of SCE&G] are to be monitored by the PSC” and “[a]ll and any affiliate
9 preferences are prohibited.” *Id.* at 12-13. SCE&G also is required to file records of
10 goods and services sold or exchanged between SCE&G and SCANA or any
11 subsidiary of SCANA which “compare[s] the current market prices for such goods
12 and services with the prices for which goods and services were exchanged or sold
13 between SCE&G and SCANA or any subsidiary of SCANA.” *Id.* at 15.

14 In addition, the Commission conducts annual reviews of the fuel
15 purchasing practices and policies of the Company pursuant to S.C. Code Ann. §
16 58-27-865. As part of these proceedings, the Commission may:

17 disallow recovery of any fuel costs that it finds without just cause
18 to be the result of failure of the utility to make every reasonable
19 effort to minimize the fuel costs or any decision of the utility
20 resulting in unreasonable fuel costs, giving due regard to
21 reliability of service, economical generation mix, generating
22 experience of comparable facilities, and minimization of the total
23 cost of providing service.

24
25 Based on these extensive monitoring and reporting requirements, I believe
26 that Mr. Alatorre’s recommendations are unnecessary and that the protections he

1 seeks have already been established by the Commission through the requirements
2 of Order No. 1992-931.

3 **Q. DO YOU HAVE A RESPONSE TO MR. ALATORRE'S STATEMENT**
4 **THAT TRANSCO PROVIDES A CHEAPER SERVICE THAN ACP?**

5 A. Mr. Alatorre's comparison of the ACP recourse rate of \$1.729 dt/d as
6 compared to Transco's maximum system rate for transportation from Zone 1 to
7 Zone 5 is disingenuous. The Transco system rate is associated with legacy pipeline
8 capacity that is fully subscribed. ACP's capacity is based on new greenfield
9 capacity that is not available in South Carolina. This comparison also looks at the
10 transportation only component of the total delivered cost to the SCE&G system,
11 nor does it consider other important factors such as diversity of supply and
12 reliability.

13 **Q. NOTWITHSTANDING THESE ISSUES, DO YOU HAVE ANY RESPONSE**
14 **TO MR. ALATORRE'S RECOMMENDATIONS THAT SCE&G SHOULD**
15 **FOLLOW A "LEAST COST" STANDARD WITH REGARD TO**
16 **CONTRACTING FOR GAS SUPPLIES AND TRANSPORTATION AND**
17 **STORAGE SERVICES?**

18 A. Yes, I do. While SCE&G endeavors to purchase natural gas supplies,
19 storage, transportation, and similar goods and services at reasonable prices, this
20 does not necessarily mean that the purchases that have the "least cost" are the most
21 reasonable and prudent for the Company or its customers. For example, SCE&G
22 also must take into account total delivered cost (including supply and

1 transportation), reliability, availability, and diversity of supply when contracting
2 for natural gas supplies and services. Therefore, such a “least cost” standard is
3 neither reasonable nor practical in practice, and would not allow SCE&G
4 reasonable flexibility to prudently pursue the optimal resources for the benefit of
5 customers

6 **Q. NOTWITHSTANDING THESE CONCERNS, ARE YOU AWARE THAT**
7 **SCE&G, DOMINION ENERGY, AND TRANSCO HAVE ENTERED INTO**
8 **A SETTLEMENT AGREEMENT REGARDING THESE MATTERS?**

9 A. Yes. SCE&G, Dominion Energy, and Transco filed a proposed Settlement
10 Agreement with the Commission on October 24, 2018, and submitted the
11 Settlement Agreement as Hearing Exhibit 9 in the above-referenced proceeding.
12 In the context of resolving these issues, the Company believes the proposed
13 Settlement Agreement is fair and reasonable and should be approved by the
14 Commission.

15 **Q. DOES THIS CONCLUDE YOUR SETTLEMENT TESTIMONY?**

16 A. Yes, it does.